

Speech: Chief Secretary: Enterprise Nation remarks

It is brilliant to be here this morning with such an amazing view.

I do believe that we are fundamentally an enterprising nation and that is one of the many things that's exciting about Britain.

Sometimes to appreciate your own country you have to travel overseas. Recently I did a trip to Korea and Japan and they were saying to me, "How can we get the same kind of start-up culture that you have in Britain?", "How can we attract that investment in early stage businesses? or "How can we have that energy that we see every time we come to London?"

I think we've got to appreciate what we've got, and in the last year there's been a 5% increase in business registrations.

The momentum hasn't stopped. What is also very interesting is the attitudes of generations that are under 21.

They're more likely to want to start up a business than previous generations and they're doing it in droves, as we've seen an 85% increase in 18 to 24 year olds setting up businesses just in the last three years alone.

I had a group of those businesses called '20 under 20' in my office in the Treasury talking to them about when they'd start up their business what motivated them, and most of them said that it was at age 11 that they'd first thought of their idea. They struggled with some of the hurdles – like they couldn't open bank accounts to other sorts bureaucratic difficulties – but they persisted and actually due to new technology, due to the availability of things like YouTube and podcasts to be able to get wider advice or to be able to network with a wider world – they ultimately had succeeded in their ambition. It is those ideas, and it is these people that drive progress in our country.

In the 1960s we had an expression the 'jet set' because only the very rich could afford to travel round the world, but now thanks to new entrants it is a lot cheaper now and many more people can afford to travel. Or, what about supermarkets. I remember when getting pasta was exciting in the supermarket and now you can buy all kinds of things from fish sauce to won tons; you can get anything you want at your local Sainsbury's, again that's down to enterprise.

Even the internet itself, where the derivation of that idea came from Britain and great people like Ada Lovelace or Tim Berners Lee. Quite often we hear negative things and of course there are harms that we need to deal with, but a recent survey showed that 82% in Britain had said the internet had made their lives better. None of us have to get bored waiting in a queue at the supermarket anymore, we can use our time much more productively. We are

seeing all this progress and sometimes I think we take that progress for granted. But the reason we've got that progress is because of the individuals that come forward and there has never been a better system than the system of free enterprise for harnessing the ideas and dreams of individuals.

For me it's not just about economics. Of course, it is important that we get economic growth up. Of course, it is important that people that are able to afford to live better lives and that they are able to get better food for their children and get better opportunities. But starting businesses is also important for that sense of fulfilment and self-determination for individuals and that is one of the reasons that I do love meeting entrepreneurs, because you are people with dreams who want to bring those dreams to reality and there's something really exciting about that.

British start-ups are also an area where it doesn't matter what your background is. It doesn't matter where you're from. It doesn't matter what gender you are. If you've got a good enough idea, if you're prepared to work hard enough; if you're prepared to fulfil those ambitions; or if there's somebody out there who wants to buy what you've got to offer, you can do that and you don't have to be ticked off by a piece of government bureaucracy.

I think that's incredibly empowering and one of the areas that I'm very interested in the whole area of female entrepreneurship, because we do know there are fewer female entrepreneurs than male entrepreneurs. If we had as many female entrepreneurs as male entrepreneurs we'd have 1.2 million more businesses in this country, and I do see it as a source of empowerment, as a source of being able to take control of your own life and run your own life.

So what can the government do about this? First of all I think we need to be positive. Emma mentioned Brexit and the Brexit vote. I believe we will get a deal. I believe we're very close to getting a deal. It's always darkest just before dawn and I think that is the situation we have at the moment, but there is a definitely a will and you can sense it across Parliament, and you can sense it across the country that people who have been debating this issue for two years.

There are various permutations of exactly what we could do, but we want to get on with it. Leave the EU in an ordered way and in a way which provides the security and stability for everybody to carry on living their lives, but also so that we can carry on trading with the EU which is a vitally important market, as well as reach out further into other markets.

I would point out that many overseas markets are already doing extremely well, and we've seen our exports rise across the world. What does the government do next? In my role as Chief Secretary to the Treasury I'm in charge of public finances. We currently spend a £800 billion a year as a government and this year will be the year of the Spending Review and that's where we set our government budgets for 2020. I think that's a massive opportunity for us as we leave the European Union to reform our economy and to look at how we spend public money, and if we are we spending it right to deliver the maximum possible opportunities for people across the country.

First of all the challenge is to be able to keep taxes low. Often my number one job is saying 'no' to people who want to spend more money because I know that ultimately for every extra pound we spend that's a pound we have to raise in tax, and we have been able to keep corporation tax at 19% which is the lowest in the G20. We've been able to lower business rates, particularly for those businesses on High Streets. I'm sure there are many people in this room who feel that there are issues still with tax. I certainly think there is a lot of room to simplify our tax system. I think it's become over complicated. So those are some of the things we need to look at over the coming years.

The second area to highlight is infrastructure. One of the decisions this Government has made is to spend more money on capital spending, investing in infrastructure like roads; the railway network, fibre and broadband rather than day to day spending. I think that's important. But what we need to make sure is that we're spending that capital money in the right way and I'm very interested in your feedback as small businesses. What would make the most difference for your business. Is it rail connectivity? Is it fibre connectivity? Where is it geographically?

What would make the most difference to making your businesses more successful and in fact tomorrow I'm going to be in Felixstowe meeting businesses there and just hearing from the ground up about what it is that will make the difference in terms of capital investment.

Of course skills are vitally important. We've got a program of education reform taking place we're introducing new T levels. I was previously the Education Minister we introduced new GCSE and A-levels and those continue to be important.

The second area I'd highlight is improving regulation and red tape. I think the government is always in danger of creating too much red tape. I'm interested in how we can simplify that landscape and how we can make it easier for businesses to engage. How we can flag up where there are bodies which maybe not intentionally, but quite often unintentionally, might be creating those problems. I think the biggest area I'd highlight of regulation is the planning system. We need to look at cities like Tokyo which have a more liberal planning system which make it easier for office spaces to be changed, for new houses to be built and we need to look at what we can do.

One of the things we've just announced in the Budget is we're conducting a consultation on the ability to build up.

If you have a freestanding building you'll be able to build up to five stories without getting planning permission, and that is the the type of innovation I think we'd need to see more of. We need to allow more spaces to be easily changed. We need to allow new land to be opened up both for housing and for office space and for manufacturing. Another subject close to my heart is childcare. Again I think there's still more we need to do on simplifying the way we organise childcare. We spend £6 billion as a government per year on supporting childcare but I think those are areas we can do better.

The final point I want to make before we go onto questions is championing new entrants. It's always tempting for government to end up listening to the big players. You can often see that it is big companies will have large lobbying organisations, big legal departments and I'm very keen as a government that we try to make sure that we're looking at how will everything we do affect new entrants. How will that affect the people that have not yet got into that market and part of that market.

This means looking at things like business support. We spend over £20 billion on business support and that's a combination of tax reliefs and other funding through things like LEP's but also through special grants for particular sectors. I want to look at this through the lens of how we help new companies start up.

And finally, I want to mention about the issue of women. We launched a report recently that showed the vast majority of all venture capital funding was going into all- male teams and I do think that that is a barrier that the government has highlighted and we want to see more venture capital firms open up and fund a wider variety of businesses, because there's no doubt that if you're well networked, if you are based in London and the Southeast or if you are male it is easier to get funding than if you're not.

We simply can't afford, as we're leaving the European Union, we're seeking to become a more competitive country. We're seeking to lead the world in enterprise. We simply cannot afford to ignore huge amounts of talent, and we can't afford to ignore half the population or cities outside London. So the Government needs to make sure that we are not skewing the playing field against new entrants and ensure that those who fund businesses are also looking beyond the usual suspects.